

**Idaho Travel Council  
March 17 & 18, 2008  
Victor, Idaho**

**Minutes**

**Council members present**

John Webster, Chair (Region IV)  
J.J. Jaeger (Region I)  
Frances Conklin (Region II)  
John May (Region III)  
Bill Code (Region V)  
Tadd Jenkins (Region VI)

**Council members absent/excused**

Bill Reagan, Member At-Large  
Brent Gillette (Region VII)

**Staff Members Present**

Karen Ballard, Administrator, Tourism  
Don Dietrich, Acting Director, Commerce  
Tina Caviness, Tourism  
Nancy Richardson, Tourism  
Cathy Bourner, Tourism

**Guests Present**

Bill Drake, drake/cooper  
Jeremy Chase, drake/cooper  
Chuck Box, RMI  
Reid Rogers, Teton Valley Chamber  
Susie B-Bushong, Grand Targhee Resort  
David Smith, Teton Springs Lodge & Spa  
John Bertram, Planmakers  
Jeanne Rogers, Teton Valley Chamber  
Louis Christensen, Driggs Chamber  
Jeff Naylor, Grand Targhee Resort  
Joe Amdor, Headwaters Club at Teton Springs

**Monday, March 17, 2008**

Meeting called to order by Chairman Webster, followed by welcome and introductions.

**Director's Report** – Don Dietrich, Acting Director, Department of Commerce, updated the council on department activities. Dietrich is serving as Acting Director and anticipates that Governor Otter will appoint a permanent replacement within the next 2-3 weeks. Highlights of Dietrich's update follow:

**Budget** – Disappointment with the budget process this go-around. The department asked for a little bit over \$8 million with most of the request targeted to marketing and sales for the department. Currently, the department is a reactionary department and doesn't have the money to go out and push the state. Most regional economic development organizations have more money to market their regions than the state has to market the entire state. Commerce currently has about \$130,000 for marketing, a pretty small amount to work with to get the job done. The good news is there's a lot of activity going on in all parts of the state. It is a fairly long sales cycle to bring new businesses into the state.

**Office of Science & Technology** (OST) – OST council has fallen on hard times and the department's new director will be charged with making sure that we reconnect with that community. OST staff are being re-utilized to go after science & technology oriented development projects.

**International Trade** – International Trade Offices were established as trade offices with the focus on exports. They will also now be used from an investment standpoint in an effort to seek additional investments. One of the ways we're doing that is with the EB-5 program. The EB-5 is a Visa program that permits a qualified investor to invest \$500,000 or more (usually \$1 million) in a new U.S. business in exchange for permanent U.S. residency (green cards) for the investor and his/her family. While 5,000 of these Visas are set aside each year, the most that have ever been awarded is about 120. Department of Commerce is working to understand this opportunity for the purpose of attracting foreign investors and businesses to Idaho.

**Film Office** – Film incentive legislation is working its way through the legislature. If passed, this bill will not be funded but it will provide the framework for next year when, hopefully, funding will be found.

**Web Site** – A new Department of Commerce Web site is being developed. The project is a cooperative effort between staff and drake/cooper staff.

**Budget Discussion** – Karen Ballard reviewed the budget with the council. Budget item discussions included:

- Salary and fringe benefits shows a huge increase, not from increased salaries, but from increased projects being funded in this category. \$50,000 will still need to be drawn from the marketing side of the budget, but ultimately salary and fringe benefits will be charged to the appropriate categories and that with growth in 2% collections, 10% will finally fund personnel costs. Ultimately, a surplus will develop and the legislature, in all likelihood, will not approve additional FTEs (full time equivalent) for the division.
- Ballard suggested that the council might want to consider assisting in the funding of the regional economic development specialists in the field, or perhaps regional tourism organizations to provide them with seed money to be more stable organizations with professional staff. Ballard said ITC dollars have always been thought of as being strictly marketing dollars, but she said the Department of Commerce is about creating jobs and that is also part of what we're supposed to do. Ballard doesn't think it is inappropriate to use administrative dollars to help stabilize our tourism industry from a management standpoint out in the field. Currently, there are 16 economic development positions around the state funded by the department and Ballard suggested that one option would be to fund part of their salaries with tourism dollars and require them to become members of regional committees.
- Ballard assumes that fixed operating costs are going to remain the same, if not reduced. ITC budget allocation for meeting expenses could also possibly be reduced. She asked council members to consider attending at least one international trade show during their tenure on the council.
- Ballard asked the council if the film office should have their own budget, rather than having expenses disbursed through the division budget. Currently, about \$175,000 that is being spent in film office activities. John May said he thinks in order to better track dollars, the film office

budget should be separate. John Webster said that the ability to shift items is great, but cautioned Ballard not to underestimate expenses.

- On the program side of the budget, Ballard suggests increasing public relations costs and include an annual culinary fam trip in collaboration with the Department of Agriculture.
- She distributed information on a VISA project which analyzes data with VISA. VISA has the ability to provide data of who spent what in Idaho from what country. The Pilot Program cost \$17,500 on a quarterly basis and it is anticipated that cost will come down. Ballard budgeted for this program and will provide more information as it becomes available.
- Promotional Assistance – Ballard asked the council if they want to continue supporting big events such as the Boise Open Golf and Ironman. For the past 5 years, Coeur d'Alene Chamber has billed the ITC for \$10,000 to support the Ironman event. Economic impact was \$3.5 million in 2003. At what point should the council say you are now a viable event discontinue ITC financial support. Ballard asked the council if they would like to put a cap on participation and asked for their guidance. The ITC Grant program also provides funding for these events. John May said from standpoint on how these funds are spent, we should ask the same questions we ask when deciding if grant funds should be used to support a project--what is the pay back? He said the council needs to see a list of what we currently support, taking into consideration that some of them can't be ignored. Tadd Jenkins said the key question should be what the payback is for Idaho but stressed when you start pulling away from things, there could be issues so it needs to be handled very carefully. John Webster said it needs to be at Ballard's discretion, taking into account that it be best for Idaho's tourism program and said if grantees are made aware of the possibility of upcoming events, support could be built into their grant requests.
- Gateway Visitor Center support should remain the same but there is talk of another gateway center coming through in Lost Trail Pass area in Salmon so we may find ourselves involved in that.
- Ballard will be having a significant discussion with Drake about reducing the size of the travel guide to reduce costs of mailing. In response to a question from Chairman Webster, Bill Drake said there is not a PDF version available but he will be discussing this option with Ballard. He reviewed proposed changes to the 2009 Guide, including reduction in the number of pages, with the council. Will pursue cost savings.
- Ballard talked about Idaho's participation with National Geographic in the development of a map guide with Montana and Wyoming, at a cost of \$32,500. This will be a 2-year project. Karen – national geographic. Map guide in conjunction with Montana and Wyoming.

**International Marketing** – Chuck Box, Rocky Mountain International (RMI) Director, was asked to provide the council with an overview of RMI and Idaho's participation in the program. Key elements of his presentation included:

- RMI was founded in 1990 to be the contracted European inbound tourism marketing company for the states of Idaho, Montana, South Dakota and Wyoming to provide regional tourism promotion in 5 European markets: United Kingdom, Germany, France, Italy, and Benelux.

- RMI provides a cost-effective way for states without large tourism budgets to become major players in the international travel marketplace through pooling of limited funds and private sector partnerships, while providing a structure that still allows individual states and entities to promote their unique products and features.
- RMI states work closely with a network of Gateway Cities (Denver, Minneapolis/St. Paul/Bloomington, and Salt Lake City) because they provide easy access to the RMI region.
- European tourists spend an average of \$1,982 per trip to the U.S. and stay for an average of 14 days. They are also more likely to visit during shoulder or off-peak seasons than domestic traveler and are willing to visit “off the beaten path” rural attractions and destinations.
- Overseas visitation is a hedge against volatile domestic and Canadian market swings, and the value of the Euro and British Pound against the U.S. dollar currently makes the U.S. very affordable for many European visitors. Idaho has experienced an 18% increase in overnights offered by tour operators from 2006 to 2007.
- Other services RMI provides its partners include press clippings, web marketing and publications.
- About 45 European operators will attend RMI’s Roundup, a cost efficient and effective way for suppliers with limited marketing budgets to be able to market internationally. This year’s Roundup will be April 9-11 in Cheyenne and next year’s will be held in Idaho. Box encouraged council members to attend. (April 1-3, 2009)
- Some states want to do more and that’s why there was a ‘pay to play’ Scandinavian Mission this past year. There was an optional Australian mission that Idaho opted not to do.
- John Webster said Best Western is one of RMI’s travel partners, and they see the value of RMI’s efforts. Webster said that outside the U.S., Best Western is considered to be very upscale to the Europeans.
- Karen Ballard told the council that RMI has allowed the art work and collaboration on itineraries to be co-oped by the Taiwan office and now that has moved into China, with Yellowstone as the hub. She said she doesn’t know what to do about the China market at this time and looks forward to seeing research and data from VISA research.

John May said the council needs to know what the return on investment in international markets really is before the council can determine the amount of money to spend in international programs. He struggles with where those dollars should be spent, not whether or not they should be spent and wonders if saturating one or two markets instead of a bit of mention in many would be preferable. Box said the question of where to market is discussed with state directors on an annual basis and hopefully the Visa study will give us the data we need on return on investment.

Frances Conklin feels the council needs to discuss and decide what should be done in the Canadian market. Ballard agrees that Canada needs more attention, and although funds are not available to advertise in Canada, a strong public relations program could be put in place in Canada. The 2010

Olympics will assist Idaho in promoting Idaho's tourism program to Canadians with more consumer based activity, such as promoting Idaho's golf trail.

John May asked that the council receive a regular update about what is going on in international programs.

Chuck Box told the council that until the Visa program is in place and we can get hard statistics, he would discourage Idaho from pulling out of its RMI participation at this time. John May said he is not recommending that Idaho pull out of the program, but feels it is critical that the council learn and understand what Idaho is getting for the money. J.J. Jaeger said if the numbers prove that international visitors do not constitute at least 4% of Idaho's visitors, he would recommend pulling out of the RMI program. Ballard and Box agree.

Chairman Webster thanked Mr. Box for his presentation to the council.

**Tour of the Teton Valley** - Council and staff toured the Teton Valley. Stops included Warbirds, Horn Gallery, Teton Valley Museum, Idaho Film Institute, Huntsman Springs, Driggs City Center, MD Nursery, The Reserve, and the Victor Train Station.

**Tuesday, March 18, 2008**

Meeting called to order by Chairman Webster, followed by introductions. Council member Bill Code excused himself from the meeting to return to Pocatello.

**Motion** – It was moved (Jenkins) and seconded (Webster) that the minutes of the January 15, 2008 meeting be approved as written. Motion carried.

**Community Representative Panel** – Community representatives, including Reid Rogers, Mayor Lou Christiansen, Susie Barnett-Bushong (Grand Targhee), John Bertram (Teton Scenic Byway), David Smith (Teton Springs), and Suzanne Paisley (Teton Valley Chamber member) updated the council on future economic development plans for Teton Valley.

Rogers raised the issue of including Grand Targhee in local and Idaho marketing plans. Paisley told the council about a newly formed Teton Valley Marketing Committee. Over 50,000 copies of the 2<sup>nd</sup> edition of the Teton Valley Travel Guide have been distributed, web site improvements have been made, and branding created with identifiable logo developed. Other activities reported to the council included:

- Grand Targhee will celebrate its 40<sup>th</sup> anniversary in 2009.
- A 69-mile Teton Scenic Byway has been designated, with 16 sites along the byway identified for interpretation.
- Teton Springs Lodge & Spa, part of Small Luxury Hotels of the World, has retained the services of a public relations firm in New York to promote their property and will host a media fam for golf this summer.

Karen Ballard reported that Idaho will enter into a contract with the National Geographic Society to develop a map guide of Idaho, Montana and Wyoming. The guide focuses on geo-tourism,

sustainability and preservation, and will focus on indigenous culture, in which the Teton Valley is rich. James Dion, National Geographic Society is heading up the project and will be a speaker at the Governor's Conference. He will also be available for interviews while in Idaho to get the word out about the project. Ballard said much of the work that the project will involve has already been done by John Bertram for the scenic route project. The map project will be coordinated through the Yellowstone Business Partnership.

John Webster thanked everyone for their reports and hospitality.

**Grant Program Discussion** – Staff presented proposed changes to the administrative rules for the ITC grant program and asked the council to form a philosophy of what should be in the rules and what could be removed. Karen Ballard told the council that some of the proposed changes may concern some legislators, and urged a plan of action be formed to educate legislators on the changes and gain their support. In-depth discussion of the changes included what determines if a program is viable, giving the council the ability to individually approve amendments from their own region; the requirement of a business plan; what determines cash match; lifting restrictions on invoice dates; and the 10% fulfillment rule. Cathy Bournier told the council that the proposed changes are part of an effort to simplify the program and provide grantees more freedom to manage their programs.

Ballard told the council that hopefully these changes can be made before July 1 and according to the Division of Financial Management, the program could operate under temporary rules until the final changes are presented to the legislature during the next session.

Chairman Webster feels that the council, staff and grantees need the ability to change course and act quickly when situations come up and feels comfortable that the direction of change that staff supports is a good one.

Cathy Bournier presented a case to the council where a grantee has two open grants and can not use funds from a third grant until one is closed—the current rules allow a maximum of two grants open at any one time. There is no rule as to the length of time a grant may remain open. This situation can be created by a variety of things including a change in grant managers; delay in printing projects; or as Idaho experienced last year with the fires, a change in focus to address immediate needs. After discussing the ramifications of the open grant rule, the following motion was made:

**Motion**—it was moved (Jenkins and seconded (May) that, if a grantee has two grants open on June 1, the grantee will be ineligible to apply for, or receive consideration for the current grant cycle. Further, if there is no communication with the grantee, the grant can be closed by the grant analyst and any remaining monies be reverted to the grant fund of the appropriate region. Motion carried.

Chairman Webster instructed Cathy Bournier to immediately notify all grantees of this motion.

The council is considering approval of allowing invoices dated prior to grant award to be used for cash match or programs during the grant cycle, if the event occurs, or product is received after the grant

award date. Webster asked Ballard to discuss the ramifications of this rule interpretation with fiscal staff to determine when money is considered to be obligated. Ballard will report back to the council on this council request at the May meeting.

Staff proposed providing the council with a one-page synopsis of grant presentations scheduled for the May 6 meeting. The council asked that the synopsis include elements and dollar amounts requested. The council also requested an update on the status of grant close outs for their regions. Ballard said this is something that can be posted on the web site and will work with Bourner in getting these reports to the council.

Staff will continue marking-up the grant rules and provide the council with those mark ups, for their consideration, via e-mail in an effort to progress in simplifying the program.

**Council Choice Awards** – Staff presented the council with options for this year’s Council Choice Awards. The awards, intended to recognize grantees for some of the great things they are doing, will be presented at the Governor’s Conference in May. Council members present voted by ballot for one recipient from each region. Lack of consensus left this item unfinished and will be addressed at the May 6<sup>th</sup> meeting.

### **Open Discussion**

**Fulfillment Rule** - Frances Conklin asked the council to determine if the 10% fulfillment rule was firm, or if shifts in funding could occur, on a case by case basis, when emergencies arise. She reported that her regional organization received a free ad in National Geographic Traveler magazine, which resulted in increased fulfillment costs. After discussion and agreement by the council, it was determined that the regional organization should provide Ballard with the brochures and she will have them distributed from the state’s fulfillment house.

**International Program** - The department’s overseas representatives will be invited, as their schedules allow, to attend a council meeting to provide an overview of what they do. Ballard asked council members to consider attending international program trade shows including Pow Wow and World Travel Mart. She will e-mail the schedule and dates to the council.

**Match Funding** - Because smaller communities have a difficult time coming up with 20% match required to participate in federally-funded programs, Ballard asked the council to give some consideration about having a budget category to provide 10% of the 20%, if the community can match it. These funds would not be through the grant program. John Webster said he would support this.

Ballard said a good working relationship has been established with State Parks, and the possibility of collecting 2% on state camp sites is still a possibility. Staff has partnered with Parks for a recent snowmobile FAM trip which was very successful.

**Idaho's RV Program** - Because we are able to identify collections paid for by R.V.s, Ballard is considering funding the Idaho RV/Campground Association from state funds, not through the grant program. She will continue to have discussions with IRVCA director, Anne Chambers, and report back to the council on possible options at future meetings. John Webster asked Ballard to identify how much of the 2% is generated by RVs and report back to the council at the May meeting.

**Teton Valley** – The council discussed their appreciation for having the opportunity to visit Teton Valley and listen to reports of the community's needs. The council agrees that it is important to interact with communities and the opportunity to visit with local business representatives is invaluable. The discussions also identified the need to educate communities about the ITC Grant Program and its restrictions. The council recognizes that Teton Valley is Idaho's newest destination and it is the council's job to help them become more of a destination. Suggestions on how to do this include adding an eastern Idaho leg on the golf trail; encouraging co-op snowmobile programs; encourage the community to get involved with Grand Targhee; and the use of ITC grant money for co-op advertising. Chairman Webster asked Ballard to work with the community in developing P.R. efforts and then, perhaps through Vocus reports, they can see the value and results of their co-op efforts. He also asked Ballard to thank the community with a letter to the newspaper outlining what the council's mission and goals are.

**Future meeting dates:**

May 6, 2008 – Pocatello Red Lion

July 28 & 29, 2008 – Coeur d'Alene Resort

Meeting adjourned.